

UNITED STATES BANKRUPTCY COURT  
DISTRICT OF NEVADA (LAS VEGAS)

IN RE: . Case No. 23-10423-mkn  
CASH CLOUD, INC., . Chapter 11  
Debtor. . 300 Las Vegas Blvd. South  
Las Vegas, NV 89101  
Thursday September 21, 2023  
10:40 a.m.  
. . . . .

TRANSCRIPT OF OBJECTION TO CLAIM 136 OF THORNTONS LLC IN THE  
AMOUNT 2,2269,000.00 OBJECTION TO CLAIM NUMBER 136 FILED BY  
THORNTONS LLC ON BEHALF OF JEANETTE E. MCPHERSON ON BEHALF OF  
CASH CLOUD, INC. [1041];  
OST RE: EMERGENCY MOTION FOR ORDER AUTHORIZING DEBTOR'S ENTRY  
INTO SERVICES AGREEMENT WITH PROPOSED ORDER FILED BY BRETT A.  
AXELROD ON BEHALF OF CASH CLOUD, INC. [1205]  
BEFORE THE HONORABLE MIKE K. NAKAGAWA  
UNITED STATES BANKRUPTCY COURT JUDGE

APPEARANCES CONTINUED.

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1 (Proceedings commence at 10:32 a.m.)

2 THE COURT: 10:30 calendar is in Cash Cloud, Inc. v.  
3 Lux Vending. May I have appearances?

4 MR. JIMMERSON: Yes, Your Honor. James Jimmerson,  
5 Bar Number 12599, on behalf of Cash Cloud, Inc.

6 THE COURT: Okay. Thank you. Other appearances?

7 MS. RUBIN: Good morning, Your Honor. Stacy -- oh,  
8 go ahead.

9 MR. SCHWARTZ: Good morning, Your Honor. Adam  
10 Schwartz on behalf of Bitcoin Depot, and with me is Stacy  
11 Rubin.

12 THE COURT: Okay.

13 MS. RUBIN: Good morning, Your Honor.

14 THE COURT: Okay. Thank you.

15 All right. Any other appearances in the Cash Cloud  
16 v. Lux Vending matter? All right. There are none.

17 All right. Counsel, as you --

18 MS. WENDL: This --

19 THE COURT: All right. Other appearances?

20 MS. WENDL: Sorry. Yes, Your Honor. Good morning.  
21 This is Alexis Wendl appearing on behalf of secured creditor,  
22 Genesis Global Holdco. Thank you.

23 THE COURT: Okay. Thank you.

24 Okay. Counsel, as you're well aware, the Court heard  
25 a motion, plaintiff's motion for TRO and preliminary



1 injunction, that was heard on April 20th.

2 On May 5th, there was a debtor's Chapter 11 plan,  
3 filed as Docket Number 528, which was a toggle plan that  
4 provided either for the sale of assets and creation of a  
5 creditors' trust, or a reorganization of the debtor going  
6 forward.

7 Thereafter, on May 24th the Court heard the  
8 defendant's motion to dismiss in this adversary proceeding.

9 And then on June 8th, the principal of the debtor  
10 resigned, and then the independent director, Mr. Ayala, took  
11 over as the designated representative.

12 On June 30th of this year, there was an order  
13 approving a substantial -- a sale of substantially all of the  
14 assets that was entered.

15 On July 24th, there was a derivative standing motion  
16 that was filed to provide standing to the creditors' committee  
17 in the case.

18 On August 3rd, there was a derivative standing  
19 stipulation, a file that was objected to.

20 On August 7th, there was a motion to convert the case  
21 to Chapter 7.

22 On August 17th, there was a hearing on plan  
23 confirmation.

24 On August 25, there was an order confirming the  
25 proposed alternative plan that was entered.



1 And then on September 18th, there was an order  
2 entered denying the motion to convert the case to a Chapter 7.

3 So we've had those developments in this proceeding.  
4 They've somewhat affected the -- where the Court is going with  
5 this case.

6 And so, Mr. Jimmerson, what I would simply ask is, if  
7 you followed all of that, who is the client representative with  
8 respect to this proceeding? Is it Mr. Ayala?

9 MR. JIMMERSON: Yes, Your Honor.

10 THE COURT: Is it the creditors' committee in the  
11 case? Who is it, by any chance?

12 MR. JIMMERSON: We believe it'd be Mr. Ayala now  
13 until there's an establishment of a litigation trust.

14 THE COURT: Okay.

15 MR. JIMMERSON: And my understanding is that there  
16 has not been appointment of any trustee for such a trust, and  
17 so right now I get my marching orders from Mr. Ayala.

18 THE COURT: Okay. And then, do you have any idea  
19 what the contours of that litigation trust will be? Will  
20 Mr. Ayala continue to serve as, I guess, a representative of  
21 the trustee of the client -- of the litigation trust, or do you  
22 know any of that detail at this time?

23 MR. JIMMERSON: I do not have any of that detail at  
24 this time, Your Honor.

25 THE COURT: Okay. All right.



1 MR. MATOTT: Your Honor?

2 THE COURT: I'm sorry. Who's speaking?

3 MR. MATOTT: Sorry. Yeah. This is Andrew Matott on  
4 behalf of the Official Committee of Unsecured Creditors ---

5 THE COURT: Okay.

6 MR. MATOTT: -- with Seward & Kissel. I didn't make  
7 an appearance on this matter. I was planning on doing so on  
8 the main case, so I apologize on that.

9 THE COURT: Okay.

10 MR. MATOTT: We did file a trust agreement. I don't  
11 have the docket number, but it's not my understanding that  
12 Mr. Ayala will have any involvement with that trust. It will  
13 be -- you know, there will be a counsel that has not been  
14 picked yet, and a trustee that will be disclosed prior to the  
15 effective date.

16 THE COURT: All right. So with respect to that then,  
17 is there a decision that might be made by the litigation trust  
18 whether they'll continue to pursue this matter, or is that  
19 pretty much set in stone?

20 MR. MATOTT: I think there will be a decision made,  
21 you know, pending the motion to dismiss, obviously.

22 THE COURT: Okay.

23 MR. MATOTT: But I think the anticipation was that  
24 the litigation trust -- to the extent that this wasn't resolved  
25 prior to it being transferred to the litigating -- a litigation



1 trust will pursue that action.

2 THE COURT: Okay. All right. I think that provides  
3 the information that the Court needs. The Court, therefore,  
4 will commence preparing the order with respect to both the  
5 motion to dismiss and the motion for preliminary injunction. I  
6 will endeavor to have both of those orders out within the next  
7 28 days. Unless Counsel tells me otherwise, I'm simply going  
8 to continue this scheduling conference out four to six weeks.

9 Any suggestion, otherwise, Mr. Jimmerson?

10 MR. JIMMERSON: No, Your Honor. As Mr. Schwartz and  
11 I have agreed, and it's reflected in the stipulation, discovery  
12 in this matter is halted until we have an operative pleading,  
13 and so --

14 THE COURT: Okay.

15 MR. JIMMERSON: We're work -- just waiting for, you  
16 know, action moving forward in an effort to preserve some  
17 resources.

18 THE COURT: Okay. All right. Mr. Schwartz, you  
19 agree to a continuance out four to six weeks?

20 MR. SCHWARTZ: Yes, Your Honor. Adam Schwartz. Yes,  
21 Your Honor.

22 THE COURT: All right. Then at that point, we don't  
23 know at this juncture as far as the approval of the actual  
24 litigation trust.

25 Counsel, is that -- for the creditors' committee, is



1 there some movement afoot to seek any necessary approval of the  
2 litigation trust?

3 MR. MATOTT: Your Honor, I believe that liquidating  
4 trust agreement was approved.

5 THE COURT: Okay.

6 MR. MATOTT: The only thing, the last moving part was  
7 the identification of the litigation trustee, which we're  
8 working on. And I think that'll be in the next couple of  
9 weeks, we'll have that hit the docket. Again, that's, I think,  
10 tied to as long as it happens before the effective date.

11 THE COURT: Okay. All right. Thank you.

12 Cathy, what do we have four to six weeks out in the  
13 way of a status hearing on the scheduling conference?

14 THE CLERK: Our next omnibus hearing in the Cash  
15 Cloud is October 19 at 10:30.

16 THE COURT: October 19 at 10:30?

17 THE CLERK: Uh-huh.

18 THE COURT: Let me see. What is the next one after  
19 that?

20 THE CLERK: The next one after that would be November  
21 30th.

22 THE COURT: All right. That's a little too far out.

23 THE CLERK: That should be -- okay.

24 THE COURT: What -- can you -- do we have just a  
25 regular calendar date in mid-November?





1 THE CLERK: Sure.

2 THE COURT: Do we have anything the week of November  
3 13th?

4 THE CLERK: We can hear it on November 15 at 9:30.

5 THE COURT: November 15 at 9:30. All right.

6 Mr. Jimmerson, November 15 at 9:30, does that work  
7 for you?

8 MR. JIMMERSON: It does, Your Honor.

9 THE COURT: Okay. Mr. Schwartz, does that work for  
10 you?

11 MR. SCHWARTZ: Adam Schwartz. Yes, Your Honor.

12 THE COURT: Okay. Does that work for all counsel?  
13 Continue this for status to November 15th at 9:30? All right.  
14 Hearing no objection, Item 1 will be continued to November 15th  
15 at 9:30. All right. Thank you, Counsel.

16 Item 2 on the 10:30 calendar in the Cash Cloud  
17 matters is the objection to Claim Number 136 filed by the  
18 debtor in the matter. May I have appearances?

19 MR. AXELROD: Morning, Your Honor. Brett Axelrod,  
20 Fox Rothschild, for the debtor.

21 THE COURT: Okay. Any other appearances?

22 MR. MATOTT: Good morning, Your Honor. Andrew  
23 Matott, again, on behalf of the Official Committee of Unsecured  
24 Creditors (indiscernible).

25 THE COURT: All right. Thank you. Any other



1 appearances?

2 MR. NELSON: Yes, Your Honor. This is Phil and Ginny  
3 Nelson (phonetic).

4 THE COURT: Okay. Okay, Ms. Axelrod?

5 MS. WENDL: This is Alexis Wendl, again, appearing on  
6 behalf of the secured creditor, Genesis.

7 THE COURT: All right.

8 MS. WENDL: Thank you.

9 THE COURT: Okay. Thank you. Any other appearances?  
10 Okay.

11 Ms. Axelrod, was there any response filed to the  
12 claim objection?

13 MS. AXELROD: We've had informal responses that we're  
14 working out with Thorntons, Your Honor, and with the unsecured  
15 creditors' committee, and we are seeking a short continuance to  
16 10/19, where we believe that this will all be resolved, and  
17 we'll be able to present you with a consensual order.

18 THE COURT: I see. All right. So you want to go to  
19 October 19th at --

20 Cathy, what time is that?

21 THE CLERK: At 10:30 a.m.

22 THE COURT: At 10:30 a.m. All right.

23 Mr. Matott, was there -- was that your understanding  
24 as well?

25 MR. MATOTT: Yes, Your Honor. No objection from the



1 committee.

2 THE COURT: Okay. Are there any objections to  
3 continuing this claim objection hearing to October 19th at  
4 10:30? Hearing none the preceding will be continued. Thank  
5 you.

6 The final matter on the 10:30 calendar in the Cash  
7 Cloud proceeding is the emergency motion for order authorizing  
8 the debtor to enter into a servicing -- a services agreement.  
9 May I have appearances?

10 MS. AXELROD: Brett Axelrod, Fox Rothschild, for the  
11 debtor.

12 THE COURT: Okay. Thank you.

13 MR. MATOTT: Andrew Matott, Seward & Kissel, on  
14 behalf of the Official Committee of Unsecured Creditors.

15 THE COURT: Okay. Any others?

16 MS. WENDL: Alexis Wendl, on behalf of Genesis.  
17 Thank you.

18 THE COURT: Okay. Thank you. Any other appearances  
19 on this matter on an order shortening time? Okay. There are  
20 none.

21 Ms. Axelrod, did you receive any response to this  
22 particular motion?

23 MS. AXELROD: Brett Axelrod. I did not receive any  
24 response, either formal or informal.

25 THE COURT: Okay. And I take it that this is



1 essential, as indicated by the declarations of Mr. Ayala and  
2 the declaration from Mr. Haller, to essentially secure the  
3 funds that are -- may still be in the various DCMs. Is that  
4 correct?

5 MS. AXELROD: Brett Axelrod. Yes, that is correct,  
6 Your Honor.

7 THE COURT: Okay. Do you receive any other -- any  
8 opposition or other response to the motion?

9 MS. AXELROD: Brett Axelrod. I have not.

10 THE COURT: Okay. Mr. Matott, does the creditors'  
11 committee join or support the motion?

12 MR. MATOTT: We have no position. We support the  
13 debtor's business judgment on the shortened time.

14 THE COURT: Okay. Does anyone else wish to be heard  
15 on this motion? All right. Hearing none, I'll grant the  
16 motion on an expedited basis.

17 I'll direct Ms. Axelrod to prepare and submit the  
18 order, as necessary.

19 And Mr. Matott, do you want to sign off?

20 MR. MATOTT: No. Thank you, Your Honor.

21 THE COURT: All right. Ms. Wendl, do you want to  
22 sign off?

23 MS. WENDL: No. Thank you, Your Honor.

24 THE COURT: Okay. The signature is waived.

25 Ms. Axelrod, go ahead and submit the order.



1 MS. AXELROD: Thank you, Your Honor.

2 THE COURT: Thank you. That concludes the 10:30  
3 calendar. Court is in recess until 1:30.

4 (Proceedings concluded at 10:44 a.m.)

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**C E R T I F I C A T I O N**

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16 I, Alicia Jarrett, court-approved transcriber, hereby  
17 certify that the foregoing is a correct transcript from the  
18 official electronic sound recording of the proceedings in the  
19 above-entitled matter.

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24 ALICIA JARRETT, AAERT NO. 428

DATE: October 26, 2023

25 ACCESS TRANSCRIPTS, LLC

